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SECDEF WASHDC

INFO ALL NATO CAPITALS 4828

USMISSION GENEVA

AMEMBASSY MADRID

USDELMBFR VIENNA

USCINCEUR

USNMR SHAPE

USLOSACLANT

CINCLANT

CINCUSAREUR

CINCUSNAVEUR

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S E C R E T SECTION 1 OF 4 USNATO 6904

E. O. 11652: GDS

TAGS: MPOL, NATO

SUBJECT: DPC MINISTERIAL MEETING DECEMBER 10, 1974; AGENDA ITEM

III, NATO FORCE PLANNING FOR PERIOD 1975-1979

GENEVA FOR CSCE DEL

REF: DPC/D(74)21

BEGIN SUMMARY: UNDER AGENDA ITEM III, MINISTERS APPROVED THE
CONCLUSIONS AND RECOMMENDATIONS OF REPORT ON NATO FORCE PLANS
1975-1979 (DPC/D(74)21 WITH COUNTRY CHAPTERS AND STATISTICAL
ANNEXES). THUS MINISTERS ADOPTED NATO FORCE PLAN FOR 1975-
1979 AND, ON BEHALF OF THEIR GOVERNMENTS, MADE FIRM 1975
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FORCE COMMITMENTS TO NATO. MINISTERS TOOK PARTICULAR NOTE
OF CANADIAN, ITALIAN, AND UK MODS' REMARKS ON THEIR FUTURES
NATIONAL DEFENSE EFFORTS. FRG DEFENSE MINISTER LEBER SAID
NATO IN ASSESSING WARSAW PACT CAPABILITIES MUST TAKE A

CLOSER LOOK AT SOVIET UNION'S DEFENSE PRODUCTION BASE AND INDUSTRIAL CAPABILITIES, AND WHILE SOVIETS HAVE FOR THE MOMENT GIVEN UP THE MILITARY CONFLICT, THEY ARE ENGAGED IN AN IDEOLOGICAL OFFENSIVE AGAINST WHICH NATO NEEDS TO ESTABLISH A DEFENSE. SECRETARY SCHLESINGER JOINED HIS GERMAN COLLEAGUE IN STRESSING THE NEED TO AVOID ILLUSIONS ABOUT DETENTE AND UNDERScoreD THAT COUNTRIES MUST RESIST TODAY'S FASHIONABLE TENDENCY TO SHIFT RESOURCES FROM DEFENSE TO OTHER GOVERNMENT FUNCTIONS. IN SUMMING UP, SYG LUNS SAID NATO MUST JUDGE WARSAW PACT BY ITS CAPABILITIES RATHER THAN INTENTIONS. END SUMMARY.

1. SYG LUNS USED STATEMENT BY HILL-NORTON (CHAIRMAN, MC) (SEPTel) AS LEAD-IN TO DISCUSSION OF NATO FORCE PLANNING, 1975-1979. LUNS CONTRASTED LIMITED EXTENT TO WHICH COUNTRY PLANS MEET PRIORITY ONE FORCE GOALS, WITH OBLIGATION UNDER OTTAWA DECLARATION TO MAINTAIN AND IMPROVE NATIONAL FORCES IN SUPPORT OF THE COMMON DEFENSE. HE SAID MC VIEW JUST PRESENTED, WHILE NOT OPTIMISTIC, WAS REALISTIC AND PROVIDED FOOD FOR THOUGHT. HE THEN INVITED MINISTERS TO MAKE STATEMENTS ON THEIR NATIONAL FORCE CONTRIBUTIONS, CONCENTRATING ON ASPECTS OF GENERAL INTEREST, AND TO CIRCULATE ANY PREPARED STATEMENTS FOR THE RECORD.

2. ADM PINHEIRO DE AZEVEDO SAID FOR THE FIRST TIME IN MANY YEARS PORTUGUESE REPLY TO THE DPQ(74) FORESEES A FAVORABLE EVOLUTION WITH REGARD TO PORTUGUESE CONTRIBUTION TO NATO. HE EMPHASIZED LOYALTY TO THE ALLIANCE REMAINS POLICY OF THE PORTUGUESE GOVERNMENT AND PORTUGAL BELIEVES THAT ITS PRESENCE IN NATO IS IN THE BEST INTEREST OF PORTUGAL AND THE ALLIANCE. HE SAID PORTUGAL IS IN A TRANSITION PERIOD, WHICH DOES NOT ALLOW FOR AN IMMEDIATE SOLUTION TO ITS DEFENSE PROBLEMS WITHIN THE FRAMEOWRK OF NATO FORCE PLANNING. PORTUGAL MUST CONVERT ITS MILITARY ESTABLISHMENT FROM ONE PREPARED TO COUNTER WAR OF SUBVERSION TO ONE PREPARED FOR A CONVENTIONAL WAR. HE UNDERLINED PORTUGAL WILL HAVE TO PROCEED WITHIN ITS LIMITED RESOURCES, BEARING IN MIND URGENT NEED TO DEAL WITH SERIOUS SOCIAL AND ECONOMIC PROBLEMS CURRENT GOVERNMENT HAS INHERITED. THIS
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MEANS THAT PORTUGUESE CURRENT CONTRIBUTION TO NATO REMAINS MODEST AND THAT PORTUGAL CANNOT IMPLEMENT MOST OF ITS NATO FORCE GOALS. IN CONCLUDING, HE NOTED THAT FOR PORTUGAL SOME OF THE FORCE GOALS WENT BEYOND BEING A CHALLENGE FOR PORTUGAL ONLY; THE DPC HAS AGREED LAST JUNE THAT PORTUGAL COULD IMPLEMENT SOME OF THE GOALS ONLY THROUGH FOREIGN ASSISTANCE.

3. MINISTER BRONDUM (DENMARK) CALLED ATTENTION TO NEW DEFENSE STRUCTURE EMERGING FROM 1973 DANISH DEFENSE ACT. HE EMPHASIZED DENMARK HAS IMPLEMENTED A NUMBER OF IMPORVEMENTS, PLANS OTHERS, AND UNDERLINED THAT MNC'S MILITARY ASSESSMENT IN THE COUNTRY CHAPTER STATED THAT DENMARK IN CONTEXT OF RESTRUCTURING HAS

MADE MAXIMUM USE OF RESTRICTED RESOURCES AVAILABLE. BRONDUM NOTED SYG'S SUMMARY APPRAISAL HIGHLIGHTS THE IMPACT OF CURRENT ECONOMIC SITUATION ON NATIONAL DEFENSE EFFORTS. THIS SITUATION HITS DENMARK PARTICULARLY HARD BECAUSE DENMARK IS ALMOST TOTALLY DEPENDENT ON ENERGY IMPORTS, WHOSE INCREASED PRICES ACCENT ON ALREADY UNFAVORABLE BOP SITUATION. ON PLUS SIDE, 1973 DEFENSE ACT PROVIDES FOR A STABLE AND INCREASING FINANCIAL FRAMEWORK UP TO 1977. IN 1974 DENMARK WILL INCREASE DEFENSE EXPENDITURES BY 3.4 PERCENT IN REAL TERMS. MOREOVER, DEFENSE ACT PROVIDES FOR AUTOMATIC SUPPLEMENTAL DEFENSE APPROPRIATIONS TO COVER COMPLETELY INCREASES IN PRICES AND WAGES. BRONDUM THEN DREW ATTENTION TO EFFORTS TO INCREASE PERCENT OF MILITARY BUDGET FOR MAJOR EQUIPMENT, ADDING ABOUT 25 PERCENT OF CURRENT BUDGET IS FOR PROCUREMENT. IN CONCLUDING, HE SAID DENMARK HAS NO MAJOR DEFENSE INDUSTRIES, AND IS REQUIRED TO PURCHASE ALMOST ALL ITS MILITARY EQUIPMENT ABROAD. HENCE, SMALL COUNTRIES, LIKE DENMARK, HAVE A SIGNIFICANT INTEREST IN PLAYING ROLE OF DEFENSE SUBCONTRACTORS; HE IMPLIES THAT THIS IS A CRUCIAL PROBLEM IN TIMES OF ECONOMIC UNCERTAINTY.

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USMISSION GENEVA

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4. MINISTER MASON (UK) THANKED HILL-NORTON FOR HIS REPORT, WHICH INTER ALIA REITERATED PROBLEM RESULTING FROM

DUPLICATION IN DEVELOPMENT OF WEAPON SYSTEMS. HE SAID AT YESTERDAY'S MEETING, EUROGROUP MINISTERS HAD RECOGNIZED STANDARDIZATION NEEDS FOR IMPETUS, I.E. MORE POLITICAL WILL, AND HOPED SAME MESSAGE WOULD COME THROUGH DURING DPC MINISTERIAL. MASON NOTED DEFENSE REVIEW RESTRICTED UK REPLY TO DPQ(74); UK HAS NOW PRESENTED PROVISIONAL CONCLUSIONS OF REVIEW TO NATO, AND UK WILL NOT FINALIZE REVIEW UNTIL IT COMPLETES CONSULTATION WITH NATO. HE EMPHASIZED THAT UK HAD ACCEPTED NATO 1965-80 FORCE GOALS, ON UNDERSTANDING THAT GOALS DID NOT PROVIDE MORE THAN GUIDANCE ON PRIORITY ATTACHED BY NATO TO VARIOUS AREAS OF DEFENSE PLANNING; NATO TASKED UK WITH SOME 88 PRIORITY
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I FORCE GOALS, SOME 30 PERCENT MORE THAN ANYONE ELSE. NONETHELESS, UK WILL FULLY OR PARTIALLY IMPLEMENT 75 PERCENT OF THESE PRIORITY GOALS, WHICH UNDERLINES IMPORTANCE UK ATTACHES TO NATO DEFENSE PLANNING.

5. AFTER REVIEWING STEPS TAKEN TO INFORM UK PARLIAMENT AND TO INITIATE CONSULTATIONS WITH NATO, MASON HIGHLIGHTED PRINCIPLES WHICH GUIDED UK REVIEW AND RESULTED IN PROVISIONAL CONCLUSIONS. REVIEW ON ONE HAND TOOK ACCOUNT OF BRITAIN'S ECONOMIC CIRCUMSTANCES AND, ON THE OTHER, OF THE THREAT TO UK SECURITY POSED BY THE MASSIVE WARSAW PACT FORCES, COUPLED WITH OVERRIDING IMPORTANCE TO UK OF NATO, OF UK POSITION AS A MAJOR EUROPEAN POWER, AND OF UK OVERSEAS RESPONSIBILITIES. HE SAID RESULTING PROPOSALS PROVIDE FOR AN EFFECTIVE DEFENSE STRUCTURE, WHILE MAKING A SIGNIFICANT CONTRIBUTION TO RE-ESTABLISHING BRITAIN'S ECONOMIC HEALTH.

6. HE NOTED THAT AT BEGINNING OF 1974, BRITAIN WAS STILL SPENDING 50 PERCENT MORE OF HER NATIONAL RESOURCES ON DEFENSE THAN THE NATO AVERAGE, AND DESPITE THE WIDENING DISPARITY WITH THE ECONOMIES OF FRANCE AND FRG, UK EFFORT COMPARED FAVORABLY WITH THEIRS. HE SAID ONLY UK AMONG MAJOR EUROPEAN ALLIES WAS MAKING A FORMIDABLE CONTRIBUTION TO EACH OF THE FOLLOWING AREAS: DEFENSE OF CENTRAL FRONT, MARITIME OPERATIONS IN EASTERN ATLANTIC AND THE CHANNEL, REINFORCEMENT OF BOTH FLANKS OF NATO, AND THE WESTERN STRATEGIC DETERRENT; OBVIOUSLY UK COULD NOT SUSTAIN ALL THESE ROLES OVER THE NEXT DECADE. MASON SAID REVIEW HAD BEEN MOST EXTENSIVE EVER UNDERTAKEN IN PEACETIME AND ALTHOUGH AIM WAS TO REDUCE PROPORTION OF NATIONAL RESOURCES FOR DEFENSE (AND SO RELEASE ADDITIONAL RESOURCES FOR INDUSTRIAL INVESTMENT), UK HAD NOT SET OUT WITH ANY PRE-CONCEIVED SAVINGS TARGET IN MIND. UK HAD AVOIDED TEMPTATION TO SEEK QUICK SHORT-TERM CUTS, AND HAD DROPPED NO MAJOR EQUIPMENT PROGRAMS.

7. MASON SAID THROUGHOUT ITS REVIEW UK HAD GIVEN TOP PRIORITY TO NATO, WHICH WAS THE LINCHPIN OF UK SECURITY AND WHICH REMAINED FIRST CHARGE ON DEFENSE RESOURCES. HENCE UK

PROPOSES TO MAKE MAXIMUM POSSIBLE CUTS OUTSIDE NATO AREA. HOWEVER, OVER THE YEARS THESE NON-NATO AREAS HAVE ALREADY BEEN CUT TO A LEVEL WHERE THEY ABSORB ONLY A SMALL PART OF
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TOTAL UK DEFENSE BUDGET. IF UK WITHDREW ALL ITS COMMITMENTS OUTSIDE NATO AREA, ANNUAL SAVING WOULD ONLY BE ABOUT 150M POUNDS. THEREFORE UK HAD TO LOOK FOR SAVINGS IN ITS CONTRIBUTION TO NATO. HE EMPHASIZED UK ENVISAGED NO CHANGES IN ITS BRUSSELS TREATY COMMITMENTS IN ADVANCE OF A SATISFACTORY MBFR SETTLEMENT AND UK CURRENTLY ASSIGNES HIGHEST PRIORITY TO BAOR AND RAF IN FRG.

8 AT SEA, UK PROPOSES TO CONTINUE ITS MAJOR CONTRIBUTION TO MARITIME DEFENSE OF EASTERN ATLANTIC AND THE CHANNEL, GIVING HIGHEST PRIORITY TO ANTI-SUBMARINE FORCES. UK WILL CONTINUE ITS CONTRIBUTION TO ALLIANCE'S STRATEGIC NUCLEAR DETERRENT. HOWEVER, UK PROPOSES TO REDUCE AMPHIBIOUS AND REINFORCEMENT FORCES AND ITS NAVAL DEPLOYMENT IN THE MEDITERRANEAN, WHERE US SIXTH FLEET MAINTAINS A POWERFUL PRESENCE.

9. PROPOSED NEW FORCE STRUCTURE WOULD ALLOW UK OVER A TEN-YEAR PERIOD TO REDUCE ITS SHARE OF GNP FOR DEFENSE FROM CURRENT 5.5 PERCENT TO 4.5 PERCENT BY MID-1980'S. HE EMPHASIZED THAT BY 1980 BRITAIN'S EXPENDITURE ON MILITARY COMMITMENTS OUTSIDE NATO SHOULD AMOUNT TO ONLY ONE TO TWO PERCENT OF ITS TOTAL DEFENSE BUDGET. IN OTHER WORDS, 98-99 PERCENT OF UK EFFORT WOULD BE DEVOTED TO NATO. UK REGARDS AS FIRM ITS DECISION TO REDUCE LEVEL OF NATIONAL RESOURCES DEVOTED TO DEFENSE. HE ADDED THAT WITHIN THIS CONSTRAINT UK WAS READY TO LISTEN TO SUGGESTIONS ON THE BEST WAY TO DEVELOP ITS NATO CONTRIBUTION.

10. IN CONCLUDING, HE SAID ANY REDUCTIONS IN MILITARY CAPABILITY BY A MEMBER NATION ARE REGRETTABLE, BUT HOPED HIS COLLEAGUES WOULD AGREE THAT UK PROPOSALS WERE FRAMED TO DO LEAST POSSIBLE DAMAGE TO NATO. HE BELIEVED UK HAD ACHIEVED CONSISTENCY BETWEEN ITS NATO OBLIGATIONS AND ITS RESOURCES. MASON SIAD REVIEW PLACED EMPHASIS ON QUALITY AND NEED FOR BEST POSSIBLE TRAINING AND EQUIPMENT. HE ALSO CINTED TECHNOLOGICAL THREAT POSED BY GROWING RESEARCH AND DEVELOPMENT EXPENDITURE OF WP. HE THEN STATED UK PROPOSALS ARE NOW OPEN FOR DISCUSSION, ASKED HIS MINISTERIAL COLLEAGUES FOR THEIR PRELIMINARY VIEWS, AND REMINDED DPC THAT UK HAD ASKED FOR FORMAL NATO COMMENTS BY FEBRUARY 10, 1975.

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11. MINISTER VREDELING (NETHERLANDS) OFFERED REMARKS ON NETHERLANDS DEFENSE PLAN, WHICH RE REMINDED MINISTERS WAS

STILL AT CONSULTATION STAGE WHEN THEY LAST MET IN JUNE. HE EMPHASIZED PLAN PROVIDES NETHERLANDS WITH HEALTHY BASIS FOR LONG TERM DEFENSE PLANNING, TAKING PARTICULAR ACCOUNTY OF NEED FOR EQUIPMENT MODERNIZATION. HE REMEMBERED CRITICISM VOICED LAST JUNE, WHICH HE REPORTED TO DUTCH CABINET AND WHICH RESULTED IN SOME IMPROVEMENTS IN NETHERLANDS PLAN. FOR EXAMPLE, NETHERLANDS PROVIDED EXTRA FUNDS FOR MECHANIZATION OF AN INFANTRY DIVISION, LIMITED REDUCTION OF ITS UNITS IN THE HAWK BELT AND DECIDED TO PROCURE NON-NUCLEAR VERSION OF LANCE WEAPONS SYSTEM. REGARDING LANCE, HE RECALLED THAT NETHERLANDS HAD INITIALLY HOPED TO MAKE SPECIAL ARRANGEMENTS WITH THE FRG WITHIN THE CONTEXT OF SPECIALIZATION. HE SAID THE NETHERLANDS STILL SUPPORTED SPECIALIZATION, BUT ACKNOWLEDGED IT WAS NOT POSSIBLE IN TIS PARTICULAR CASE. VREDELING NOTED NETHERLANDS DEFENSE EFFORT, AS DESCRIBED IN ITS DPQ(74) RESPONSE AND SUMMARIZED IN THE COUNTRY CHAPTER, HAS LED TO MORE FAVORABLE ASSESSMENT OF DUTCH PLANS. HOWEVER FOR THE 1980'S PROSPECTS FOR NETHERLANDS DEFENSE EFFORT ARE THE SAME AS THOSE HE DEPCTED IN JUNE, I.E. IT WILL NOT BE POSSIBLE FOR THE NETHERLANDS, AND PROBABLY NET FOR OTHERS, TO MAINTAIN THE FULL SCALE OF PRESENT DEFENSE TASKS BEYOND 1980 BECAUSE OF THE GROWING COMPLEXITY AND COST OF THESE TASKS. IN CONCLUDING, HE HOPED HIS COLLEAGUES SHARED HIS AWARENESS OF FUTURE NEEDS AND THAT NATO COULD FIND REMEDIAL MEASURES.

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SECDEF WASHDC

INFO ALL NATO CAPITALS 4830

USMISSION GENEVA

AMEMBASSY MADRID

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12. MINISTER RICHARDSON (CANADA) SAID REPORTS OF CUTBACKS IN CANADIAN DEFENSE BUDGET ARE ERRONEOUS AND ANNOUNCED VERY RECENT DECISION BY CANADIAN CABINET TO INCREASE DEFENSE SPENDING BY 11.2 PERCENT IN FY 1975-1976 OVER FY 1974-1975. (CANADIAN DEL INFORMALLY PROVIDED MISSION WITH TEXT OF RICHARDSON'S ORAL STATEMENT; SEE SEP TEL.)

13. AFTER NOTING HE HAD JUST ASSUMED DEFENSE MINISTER POST, FORLANI (ITALY) SAID HE ATTENDED MEETING FOR TWO MAIN REASONS: (1) TO INFORM MINISTERS OF CONTINUED GOI POLICY OF FULL ADHESION TO ATLANTIC ALLIANCE AND (2) BECAUSE OF IMPORTANCE OF ISSUES UNDER DISCUSSION. REGARDING ITALIAN FORCE PLANS, HE SAID MILITARY ASSESMENT CALLED ATTENTION TO CRITICAL SHORTCOMINGS AND HE CONCURRED IN THIS ASSESSMENT. HOWEVER, HE
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ADDED, IT WAS HIS DUTY TO CALL MINISTERS' ATTENTION TO DIFFICULTIES HINDERING ITALY'S ACHIEVEMENT OF THE NATO FORCE GOALS. HE IMPLIED ITALY ACCEPTED GOALS IN GOOD FAITH BUT PRECARIOUS ECONOMIC SITUATION, SOCIAL PRESSURES, AND ABNORMAL INFLATION HAD NOT PERMITTED ITALY TO ALLOCATE NECESSARY RESOURCES TO IMPLEMENT ALL FORCE GOALS. NONETHELESS, ITALY'S CURRENT DEFENSE SPENDING REPRESENTED AN INCREASE OF 22.4 PERCENT IN MONETARY TERMS. HE NOTED DPQ(74) OUTLINED ITALY'S PROBLEMS AND CERTAIN REQUIRED REDUCTIONS; INCREASED DETERIORATION IN THE ECONOMIC SITUATION HAD CAUSED FURTHER TEMPORARY REDUCTIONS FOR 1975. ITALY IS EXAMINING WAYS TO ALLEVIATE NEGATIVE REPERCUSSIONS OF REDUCTIONS, AND HOPE TO MAKE ACCOMMODATIONS HARMONIOUSLY WITHIN THE RESTRUCTURING PROCESS NOW BEING STUDIED. HE SAID ITALIAN AUTHORITIES WERE PREPARED TO TAKE INTO ACCOUNT NATO SUGGESTIONS AND WOULD PROVIDE WHERE NECESSARY FURTHER CLARIFICATIONS ON THIS COMPLEX AND DIFFICULT PROBLEM.

14. IN RESPONSE TO MINISTER MASON'S REQUEST FOR PRELIMINARY COMMENTS ON UK DEFENSE REVIEW, FORLANI UNDERLINED ITALY FAVORED A REVISION OF UK PRIORITIES, TO PREVENT THE UK DEPARTURE FROM THE MEDITERRANEAN. IN CONCLUDING, HE SAID GOI WAS ENDEAVORING TO OVERCOME A DIFFICULT SITUATION AND MAINTAINED AMONG ITS BASIC PILLARS THE PRINCIPLE OF FULL PARTICIPATION IN THE ATLANTIC ALLIANCE.

15. AFTER NOTING FRG COUNTRY CHAPTER CONTAINS AVERAGE MANNING FIGURES, WHICH ALWAYS CAUSE DIFFICULTIES, MINISTER LEBER SAID HE WISHED TO MAKE SOME POLITICALLY ORIENTED REMARKS. HE FELT IT WAS PARTICULARLY IMPORTANT FOR MINISTERS TO DISCUSS THE POLITICAL IMPLICATIONS FOR DEFENSE PRIOR TO THE NAC MINISTERIAL. REFERRING TO HILL-NORTON'S OPENING STATEMENT, HE EMPHASIZED HE DID NOT DOUBT THAT THE SOVIET

UNION IS MAKING TREMENDOUS FORWARD STRIDES, PARTICULARLY CONSIDERING ITS MARITIME BUILDUP AND IMPROVEMENTS TO ITS FORCES FACING CHINA, WHICH WERE ACCOMPLISHED WITHOUT WITHDRAWING FORCES FROM THE WEST. HE NOTED THE PACT'S ABILITY TO PROVIDE TANKS AND OTHER WEAPONS SYSTEMS TO "OTHER" AREAS OF THE WORLD WITHOUT DRAWING DOWN ITS FORCES FACING NATO. LEBER UNDERLINED NATO MUST NOT OVERLOOK THE INDUSTRIAL CAPACITY AND RESOURCES AVAILABLE TO THE PACT;

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THESE CAPABILITIES MERIT CLOSER CONSIDERATION. NATO CANNOT BASE ITS ASSESSMENT ONLY ON TODAY'S CONSIDERATIONS; NATO MUST CONSIDER PACT'S TREMENDOUS INDUSTRIAL CAPABILITIES AND ITS BUILT-IN ABILITY TO INCREASE ITS DEFENSE PRODUCTION RAPIDLY. HE ASKED HYPOTHETICALLY HOW THE WEST COULD OR WOULD REACT TO SUCH A RAPID EXPANSION OF SOVIET MILITARY PRODUCTION AND WELCOMED EXPERT COMMENT ON THIS SUBJECT..

16. PREFACING HIS REMARKS BY SAYING THAT HE IS NOT A COLD WARRIOR, LEBER SAID THERE IS MUCH TALK OF DETENTE AND COEXISTENCE. HE INDICATED FRG PUBLIC HEARS AND IS INFLUENCED BY THIS TALK, AND WHILE FOR THE MOMENT THE SOVIETS HAVE GIVEN UP THE MILITARY CONFLICT, THEY ARE ENGAGED IN AN IDEOLOGICAL OFFENSIVE. HE CONTINUED THAT SEEKERS OF DETENTE PLAY DOWN THESE IDEOLOGICAL DIFFERENCES; HOWEVER, NATO IS A DEFENSIVE ALLIANCE WHICH NEEDS TO ESTABLISH A DEFENSE AGAINST THIS IDEOLOGICAL CAMPAIGN. HE NOTED WHENEVER THE WEST IS NOT FIRM, THE SOVIET UNION WILL MOVE INTO THE VACUUM.

17. REGARDING THE UK DEFENSE REVIEW LEBER THANKED MASON FOR INFORMATION HE PROVIDED AND SAID FRG IS GRATEFUL THAT UK IS DETERMINED TO MAINTAIN ITS POSITION IN THE FRG. HOWEVER, ONE MUST ALSO THINK OF OTHER ALLIANCE AREAS. FOR INSTANCE, UK PLAN WILL WEAKEN THE FLANKS CONSIDERABLY AND UK ABANDONMENT OF ITS OVERSEAS COMMITMENTS AFFECTS THE ALLIANCE'S POSITION. HE CALLED FOR THOROUGH NATO COORDINATION AND CONSULTATION ON THE UK PLAN. LEBER THEN ADMITTED TO SOME CONFUSION OVER ITALY'S PLANS, AND STRESSED THAT NATO SHOULD ALSO REVIEW THE ITALIAN PROPOSALS.

18. LEBER NEXT DREW MINISTERS' ATTENTION TO INTER-RELATIONSHIP BETWEEN ENERGY SITUATION AND COUNTRY DEFENSE EFFORTS AND SAID DEFENSE MINISTERS CAN'T LEAVE THIS QUESTION ONLY FOR FOREIGN MINISTER DISCUSSION. HE NOTED EUROPE OBTAINS ONLY ABOUT 2.5 PERCENT OF ITS ENERGY NEEDS FROM ITS OWN RESOURCES; AN ENERGY CRISIS HITS AT THE HEART OF WESTERN EUROPEAN ECONOMIES. THE EAST UNDER THE UMBRELLA OF SOVIET ARMS COULD PUT PRESSURE ON THE WEST IF ANOTHER ENERGY CRISIS DEVELOPS; FURTHERMORE IF HE UNDERSTANDS THE SITUATION CORRECTLY, THE SOVIET NAVAL STRENGTH IN THE MED IS NUMERICALLY LARGER THAN THE SIXTH FLEET. HENCE NATO SHOULD NOT LIMIT ITS FOCUS TO

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CENTRAL EUROPE.

19. MINISTER FOSTERVOLL FOUND NORWEGIAN COUNTRY CHAPTER WELL BALANCED AND NOTED HOW FIVE-YEAR DEFENSE PROGRAM, WHICH STARTED THIS YEAR, IS BY AND LARGE AN EXTENSION OF PRECEDING FIVE-YEAR PROGRAM. HE HIGHLIGHTED FOLLOWING FORCE IMPROVEMENTS:

- A) IMPROVED QUALITY OF EDUCATION AND TRAINING OF ARMED FORCES.
- B) PLANNED PROCUREMENT OF 500 OVER-SNOW VEHICLES,
- C) PROCUREMENT OF ADDITIONAL SHORT-RANGE ANTI-TANK WEAPONS BRINGING STOCK TOTAL TO 140 THOUSAND,
- D) PLANNED PROCUREMENT OF 270 AMERICAN TOW ANTI-TANK SYSTEMS,
- E) PLANNED PROCUREMENT OF 14 NEW GUN BOATS AND,
- F) CONSTRUCTION OF PROTOTYPE FOR NEW SUBMARINE AIMED AT REPLACING EXISTING SUBMARINES IN 1980'S.

HE EMPHASIZED NORWEGIAN EFFORTS CONTINUE TO FOLLOW THE RECOMMENDATIONS IN THE AD-70 STUDIES, BUT ACKNOWLEDGED DIFFICULTIES IN MEETING ALL THESE REQUIREMENTS.

20. FOSTERVOLL THEN TURNED TO NEW DEFENSE REQUIREMENT OUTSIDE THE SCOPE OF AD-70'S, I.E., OIL ACTIVITIES IN THE NORTH SEA. HE EMPHASIZED NORWAY MUST PROVIDE SURVEILLANCE AND PROTECTION FOR ITS NORTH SEA OIL RESOURCES, HE NOTED IT IS TOO EARLY TO DRAW FIRM CONCLUSIONS ON THE CONSIDERABLE DEFENSE IMPLICATIONS FROM THE EXTRACTION OF OIL FROM THE NORTH SEA AND ADDED THESE IMPLICATIONS COULD TOUCH THE ALLIANCE AS A WHOLE. THE PROTECTION NORWAY IS ABLE TO PROVIDE WILL SERVE NATO'S COMMON INTEREST.

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AMEMBASSY MADRID

USDELMBFR VIENNA

USCINCEUR

USNMR SHAPE

USLOSACLANT
CINCLANT
CINCUSAREUR
CINCUSNAVEUR
CINCUSAFE

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21. FOSTERVOLL NEXT REPORTED THAT NORWEGIAN DEFENSE COMMISSION, WHICH HAS A MANDATE TO DEFINE NORWAY'S DEFENSE PROGRAM UP TO 1985 AND TO OUTLINE PERSPECTIVES UP TO 1990, IS IN FULL WORK. HE NOTED THE COMMISSION WISELY HAD BEGUN ITS REVIEW BY FIRST VISITING BELGIUM TO DRAW ON THE BROAD EXPERIENCE OF SECRETARY GENERAL LUNS AND GENERAL GOODPASTER.

22. SYG LUNS REFERRED TO LEBER'S REMARKS ON SOVIET CAPABILITIES AND ASKED HILL-NORTON TO COMMENT ON COMPARATIVE NATO-WP CONVENTIONAL CAPABILITIES. HILL-NORTON REVIEWED STATUS OF ONGOING MC STUDY ON CONVENTIONAL BALANCE AND NOTED PROBLEMS IN ASSEMBLING DATA BASE. HE SAID MC HAD MORE DIFFICULTY DEVELOPING A NATO ORDER OF BATTLE (ORBAT) THAN A PACT ORBAT.
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HE INDICATED NEXT STEPS INCLUDE WEIGHTING WEAPONS EFFECTIVENESS INDICATORS, FOLLOWED BY COMPUTER WAR GAMES. HILL-NORTON SAID MC MAY HAVE A REPORT FOR NEXT SPRING DPC MINISTERIAL AND DEFINITELY WILL FOR DECEMBER 1975 MINISTERIAL.

23. LEBER EXPLAINED HE WAS NOT TALKING OF ORBATS, BUT RATHER THE LARGE INDUSTRIAL BASE BEHIND THE PACT DEFENSE EFFORTS. HE INDICATED PACT MAY HAVE A DEFENSE INDUSTRIAL BASE SUPERIOR TO THAT EXISTING IN THE WEST AND BECAUSE OF ITS AUTOCRATIC SYSTEM, PACT HAS FLEXIBILITY TO INCREASE ITS PRODUCTION CAPABILITY ON SHORT NOTICE. HE NOTED FRG COULD PRODUCE 60 TANKS A MONTH, BUT DOES NOT. LEBER INDICATED HE WAS DRIVING AT CENTRAL QUESTION: WHAT IS TOTAL SOVIET CAPABILITY?

24. SECRETARY SCHLESINGER (US) THANKED HILL-NORTON FOR HIS ANALYSIS OF MILITARY BALANCE AND AGREED THAT THE WARSAW PACT IS NOT RESTING, WITH ITS MILITARY EXPENDITURES GROWING BY 3 TO 5 PERCENT EACH YEAR. HE ADDED HILL-NORTON HAD SPOKEN OF NATO'S DEFICIENCIES AND IN FACT HAD CHASTISED NATO'S PERFORMANCE IN SOME AREAS; HE FELT THIS CHASTISEMENT WAS APPROPRIATE. WHILE SOME NATO NATIONS MEET FORCE REQUIREMENTS, OTHERS ARE CUTTING BACK THEIR DEFENSE EFFORTS. HE CONTRASTED THIS TREND WITH THE GRADUAL PACT INCREASE AND STRESSED THAT TODAY'S FASHIONABLE CONCEPT IS TO SHIFT RESOURCES FROM MILITARY TO OTHER NEEDS. IN PARAPHRASING SIR JOHN SLESSOR, HE SAID THAT PRINCIPAL SERVICE A GOVT CAN DO FOR ITS PEOPLE IS TO KEEP THEM ALIVE AND FREE; THUS NATIONS MUST NOT BE SWEEPED ALONG BY TODAY'S FASHIONABLE CONCEPT. COUNTRIES MUST BE PREPARED TO PROVIDE THE NECESSARY RESOURCES FOR DEFENSE.

25. AFTER CALLING ATTENTION TO THE CURRENT ECONOMIC SITUATION, AND REMARKING THAT HE SPENT A GREAT DEAL OF HIS PROFESSIONAL LIFE AS AN ECONOMIST, HE CHARACTERIZED THE SCIENCE OF ECONOMICS AS FLEXIBILITY IN ALLOCATION OF RESOURCES. RELATIVELY SPEAKING COUNTRIES DEVOTE ONLY A SMALL FRACTION OF THEIR GNPS TO DEFENSE, THUS FURTHER REDUCTIONS OF THIS ALREADY SMALL FRACTION WILL NOT STOP INFLATION. REORDERING OF NATIONAL PRIORITIES IS NOTHING MORE THAN ESCAPISM OR IN THE CURRENT VERNACULAR A "COP OUT." WHILE ACKNOWLEDGING THAT REDUCTIONS IN SOME TYPES OF DEFENSE SPENDING MAY HELP ALLEVIATE BOP DEFICITS, REDUCTIONS ARE NOT A CURE FOR SUCH ECONOMIC ILLS AS UNEMPLOYMENT AND INFLATION; IN FACT CUTS IN DEFENSE BUDGETS CAUSE UNEMPLOY-
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MENT. NATIONS MUST RESIST THIS FASHIONABLE DEFENSE BUDGET CUTTING TENDENCY IF THE COLLECTION OF FREE STATES AS WE KNOW IT TODAY IS TO SURVIVE.

26. SECRETARY SCHLESINGER THEN ASSOCIATED HIMSELF WITH DEFENSE MINISTER LEBER'S REMARKS ON THE NEED TO AVOID ILLUSIONS ABOUT DETENTE; IN CLAUSEWITZIAN TERMS DETENTE HAS BEEN DEFINED AS A CONTINUATION OF THE COLD WAR BY OTHER MEANS. NATO HAD A REAL LIFE LESSON ON THE MEANING OF DETENTE IN THE MIDDLE EAST ONLY SOME 15 MONTHS AGO.

27. REGARDING THE UK PLAN, HE SAID MASON GAVE A FAIR ASSESSMENT AND IT APPEARS THAT NATO IS FACED WITH A FIRM UK CABINET DECISION. HE UNDERScored MASON'S REMARKS THAT ANY REDUCTIONS BY ANY ALLY ARE REGRETTABLE.

28. IN CONCLUDING, SCHLESINGER STRESSED THAT TRENDS ARE NOT FAVORABLE TO THE WEST AND WE NO LONGER LIVE IN THE HAPPY WORLD OF SURPLUS AMERICAN MILITARY POWER. IF THE TRENDS CONTINUE, NATO WILL BE FACED WITH THE SOVIET UNION IN A PREPONDERANT POSITION BY 1980. IT ILL-BEHOOVES US TO ALLOW THESE TRENDS TO CONTINUE.

29. SYG LUNS THANKED SECRETARY SCHLESINGER FOR HIS REMARKS AND NOTED POSITION OF US IN ALLIANCE GIVES ADDED WEIGHT TO SCHLESINGER'S STATEMENT. IN SUMMING UP, LUNS TOOK PARTICULAR NOTE OF STATEMENTS BY CANADIAN, ITALIAN, AND UK DEFENSE MINISTERS ON THEIR COUNTRIES' FUTURE DEFENSE PROGRAMS AND WIDER RANGING REMARKS BY MINISTER LEBER AND SECRETARY SCHLESINGER. LUNS EMPHASIZED THAT PACT CAPABILITIES, NOT INTENTIONS WHICH CAN CHANGE OVERNIGHT, ARE THE MOST RELEVANT FACTS BEFORE NATO. LUNS THEN ASKED IF MINISTERS COULD APPROVE THE CONCLUSIONS AND RECOMMENDATIONS IN THE GENERAL REPORT ON FORCE PLANS (DPC/D(74)21). NO ONE VOICED DISAPPROVAL. THUS MINISTERS ADOPTED NATO 1975-1979 FORCE PLAN AND, ON BEHALF OF THEIR COUNTRIES, MADE FIRM 1975 FORCE COMMITMENTS AS DESCRIBED IN COUNTRY RESPONSES TO DPQ(74) AND COUNTRY CHAPTERS. BRUCE

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